

Sunset Public Hearing Questions for  
**Rail Service Authorities**  
Created by Sections 7-56-201, *Tennessee Code Annotated*  
(Sunset termination June 2015)

1. Provide a brief introduction to short-line railroads and the railroad authorities, including information about the authorities' purpose, statutory duties, and general organization. Describe the Tennessee Department of Transportation's involvement with the authorities.

**ANSWER:** To preserve the economic benefit derived by the short-line railroads, the State of Tennessee created the Short-line Railroad Authorities. The Short-line Railroad Authorities are comprised of representative from the local municipalities served by the railroad and the entities utilizing the Short-Line Railroad for freight shipment. Each Short-Line Railroad authority is governed by a Board of Directors. As a governmental entity, funding may be provided by the State of Tennessee, through the Department of Transportation. The Department of Transportation participates in all funding decisions involving the Short-Line Railroad Authorities.

2. Provide a list of all Tennessee railroad authorities. For each authority, provide information on the counties/cities involved, the railroad's operator, the miles of rail operated, and the types of commodities hauled. Include information for fiscal years 2012, 2013 and 2014.

**ANSWER:** Attached is a roster of all Short-Line Railroad Authorities receiving funding from the Department of Transportation and information regarding their location, the operators, the miles of rail operated and descriptions of the commodities transported by railway.

3. For those railroad authorities that receive funding from TDOT, detail the funding provided during fiscal years 2012, 2013 and 2014. For what purposes were those funds used? Is it anticipated that TDOT will be able to provide similar funding during the foreseeable future? If not, what changes are anticipated?

**ANSWER:** Funding allocations for fiscal year 2012, 2013, and 2014 may be obtained from the Department of Transportation. Funding is based on collections from diesel fuel tax which is placed into the Transportation Equity Fund. Equity Fund collections are managed by the Department of Revenue.

In fiscal years 2012, 2013, and 2014 funding from the Transportation Equity Fund were utilized for track repairs. Future funding allocations to the Short-Line Railroad Authorities are dependent upon Transportation Equity Fund collection, which has currently been halted due to lawsuits from the Class 1 railroads.

The Short Line Railroad Alliance hopes that TDOT will resume spending some 40 million dollars in the reserve account of the Equity Fund for emergency repairs while the lawsuits are pending in federal court.

4. For those railway authorities that receive TDOT funding, does the department require each authority to provide matching funds? If yes, please describe.

**ANSWER: Yes, the railroad authorities are required to match 10% of all grant funds.**

5. For those railroad authorities operating in Tennessee that do not receive funding from TDOT, please provide details and explain why those authorities do not receive funding. Are there other short-line railroads in Tennessee that are not under the jurisdiction of an authority? Please explain.

**ANSWER: All Short-Line Railroads receiving funding from the Department of Transportation must operate under an Authority. Authority legitimacy is verified by the Department to verify legitimacy prior to awarding funds.**

**There are currently four railroads that are not operated under authorities.**

- **Chattanooga and Chickamauga Railway Company**
- **Hiwassee River Railroad Company**
- **Mississippi Central Railroad Company**
- **Mississippi Tennessee Railroad, LLC**

**None of the railroads that are not operated in conjunction with an authority receive grant funds.**

6. Please explain the relationship between the railroad authorities and the rail line operators. Who owns the rail lines under the authorities' jurisdiction? Who performs the rail line rehabilitation work funded by TDOT?

**ANSWER: There are two categories of short-line railroads: Public and Private;**

**1) Public short-line railroads hold ownership of all amenities; such as tracks and bridges and employ an operator for the railroad.**

**2) Private short-line railroads are owned by the operator and must cooperate with the Short-line Rail Authority to receive funding.**

**Rail rehabilitation that is funded by the Tennessee Department of Transportation is performed by contractors who are hired by the Authorities. Contractor selection must conform to departmental guidelines and is monitored by staff through onsite reviews and reporting requirements.**

7. Describe in general the membership of the authorities' boards of directors. Who appoints those members who are not *ex officio*? What are the requirements for board meetings?

**ANSWER: The board of directors governs the Short-Line Rail Authority. Board members are representatives of municipalities that are serviced by the short-line railroad. Local population censuses may dictate the number of members who serve on the board of directors. Each county and city has the opportunity to select one**

**member from outside the local government, such as a representative from among the freight movers or shippers.**

**Most authorities conduct quarterly board meetings.**

8. Describe TDOT's oversight of the railroad authorities and the rail line operators. How does the department ensure that state dollars were only spent on allowable items, that the rehabilitation work performed was of acceptable quality, and that the prices paid for labor and materials were reasonable?

**ANSWER: The Department of Transportation provides each Authority with funding for engineering purposes. Contract selection is subject to TDOT requirements. TDOT requires that documentation be submitted verifying that work was properly completed and inspected prior to making payment. The work and verification must be completed by a duly licensed engineering firm.**

**In addition to efforts already in place the department will be adding a rail inspector to the short-line program to further enhance these efforts.**

9. Who is responsible for ensuring that these short-line railroads are operated safely and maintained appropriately? How often are the rail lines inspected and by whom?

**ANSWER: Each independent Authority is responsible for maintaining a safe rail line. The Department of Transportation regulates their condition and operations through the Office of Rail Safety by conducting periodic rail crossing, track and bridge inspections.**

10. Who is responsible for tracking statistics for numbers and types of accidents on the short-line railroads? If available, please provide information for fiscal years 2012, 2013 and 2014. How do these numbers compare (e.g., per rail mile) to those for other types of rail lines?

**ANSWER: This responsibility was assumed by the Federal Railroad Administration's, Office of Safety.**

11. What reports do the authorities and the rail line operators prepare on their operations, activities, and accomplishments? Who receives these reports?

**ANSWER: Each Authority is required to provide the Department of Transportation with an 1) annual audit report which must be prepared by a certified public accountant according to generally accepted accounting principal; an 2) annual report prepared and submitted by the operators and 3) a report on the results of annual bridge inspections.**

**Future funding availability is dependant on the submission of these documents.**

12. Have the Rail Service Authorities developed and implemented quantitative performance measures to ensure they are operating efficiently and effectively? If

the authorities have developed and implemented quantitative performance measures, describe so that someone unfamiliar with the program can understand what you are trying to measure and why it is important to the operation of your program.

**ANSWER: No, performance measures are developed by the Department of Transportation.**

13. Describe any items related to the railroad authorities that require legislative attention and your proposed legislative changes.

**ANSWER: The Tennessee Short Line Railroad Alliance will pursue legislative action to ensure that the program remains funded by the fuel equity tax. We do not anticipate any legislation in 2015 as the cases brought against the state by the Class 1 railroads will still be in active limitation though the year.**

14. Should the authorities be continued? To what extent and in what ways would the absence of the authorities affect the public health, safety, or welfare?

**ANSWER: Yes, the Short-Line Railroad Authorities provide an essential economic, environmental, quality of life and safety benefit to the state. With the expansion of costal ports and openings starting as early as 2008 the movement of increased volumes of container freight and agricultural products in and through Tennessee will escalate at a continual rate. As freight transportation increases roadways will become more congested, environments more polluted and vehicle collisions more likely. In contrast rail transportation to and from the points of destination or origination is less expensive, alleviates highway traffic and produces less pollutants. The state of Tennessee must focus on freight transportation alternatives not only to maintain a satisfactory quality of life but to continue to attract employers to accommodate the increasing population. Employers recognize the benefits of rail transportation not only in cost savings but in time savings. Inventory spent on highways in stalled transportation routes is money lost. The state's ability to mitigate the concerns of business will greatly impact the economic landscape for citizens.**

15. Should the state continue to fund rehabilitation work on short-line railroads? Even in cases where the rail lines are owned by private operators? If yes, why?

**ANSWER: Yes, In Fact an increase in funding of rehabilitation efforts should be considered. The rail system is aged and facing a re-emergence of demand based on the information shared above. An increase in the need for freight transportation brings with it the need to increases in the load bearing capabilities of track and bridges as well as increase tunnel and pass-through heights. Tennessee would be wise to aid the short-lines in preparing for this inevitable reality.**

16. Please list all railway authority programs or activities that receive federal financial assistance and, therefore are required to comply with Title VI of the Civil Rights Act of 1964. Include the amount of federal funding received by program/activity.

**ANSWER: Short-Line Rail Authorities receive no federal funding.**

***If the rail authorities do receive federal assistance, please answer questions 17 through 24. If the rail authorities do not receive federal assistance, proceed directly to question 23.***

17. Does the committee prepare a Title VI plan? If yes, please provide a copy of the most recent plan.
18. Does the committee have a Title VI coordinator? If yes, please provide the Title VI coordinator's name and phone number and a brief description of his/her duties. If not, provide the name and phone number of the person responsible for dealing with Title VI issues.
19. To which state or federal agency (if any) does the committee report concerning Title VI? Please describe the information your council submits to the state or federal government and/or provide a copy of the most recent report submitted.
20. Describe the committee's actions to ensure that association staff and clients/program participants understand the requirements of Title VI.
21. Describe the committee's actions to ensure it is meeting Title VI requirements. Specifically, describe any association monitoring or tracking activities related to Title VI, and how frequently these activities occur.
22. Please describe the committee's procedures for handling Title VI complaints. Has your association received any Title VI-related complaints during the past two years? If yes, please describe each complaint, how each complaint was investigated, and how each complaint was resolved (or, if not yet resolved, the complaint's current status).
23. Please provide a breakdown of current committee staff by title, ethnicity, and gender.

**ANSWER: (A complete listing will be made available at the review)**

**Most Authority members are appointees or volunteers and receive no compensation for their services. They are chaired by a locally elected official and in most situations there is only one paid administrative staff person.**

24. Please list all committee contracts, detailing each contractor, the services provided, the amount of the contract, and the ethnicity of the contractor/business owner.

**ANSWER: (A complete listing of all Authority/Grant Recipients will be made available at the review) The Department of Transportation executes grant agreements with the Short-Line Railroad Authorities who in turn contract with engineering firms and short-line rail operators.**